

City of Saint Paul
2004 Adopted Budget

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Description of Saint Paul's Form of Government

The city charter provides for a municipal corporation governed by an elected chief executive, the mayor, and an elected legislative body, the city council. The form of government is commonly referred to as "strong mayor-council." Elections are held in November of odd-numbered years, with a four-year term for the mayor and four-year terms for councilmembers. Each of the seven councilmembers is elected from a separate ward; the seven wards are approximately equal in population.

The mayor recommends appointments for department/office directors and members of boards and commissions for council approval, and is responsible for the direction and control of departments and offices. The mayor recommends policies and budgets to the city council. The mayor exercises all powers and performs all executive duties given by the city charter, city ordinances and state laws. The mayor has the authority to veto council actions. The council can override the mayor's veto with a minimum of five votes.

The council is the legislative body, setting policies by enacting ordinances and resolutions. It can monitor and maintain liaison with community groups to assure adequate citizen participation. The council analyzes, adopts and monitors the city budget. Councilmembers prepare and promote the city's legislative program. They serve on boards and commissions of certain intergovernmental agencies.

Elected Officials

Office	Name	Term Expires
Mayor	Randy C. Kelly	01-01-2006
Councilmembers:		
District 1	Jerry Blakey	01-01-2004
District 2	Christopher Coleman	01-01-2004
District 3	Patrick Harris	01-01-2004
District 4	Jay Benanav	01-01-2004
District 5	Jim Reiter (Deceased)	01-01-2004
	Lee Helgen	01-01-2004
District 6	Daniel Bostrom	01-01-2004
District 7	Kathy Lantry	01-01-2004

Appointed Officials

Department/Office	Director's Name	Term Expires
Citizen Services	Donald Luna	*
City Attorney	Manuel Cervantes	*
Financial Services	Matt Smith	*
Fire and Safety Services	Doug Holton	08-18-2009
Human Rights	Tyrone Terrill	*
Human Resources	Angie Nalezny	*
License Inspec. Env. Protection	Janeen Rosas	*
Mayor's Chief of Staff	Dennis Flaherty	*
Neighbhd Housng/Prop. Imprvmt	Andy Dawkins	*
Parks and Recreation	Bob Bierscheid	*
Planning and Econ. Development	Martha Fuller	*
Police	William Finney	07-17-2004
Public Libraries	Gina LaForce	*
Public Works	Bob Sandquist	*
RiverCentre	Bill Huepenbecker	**
Office of Technology	Karen Johnson	*
Regional Water Services	Bernie Bullert	Retired after process completed

* Serves at pleasure of the Mayor

** Serves at pleasure of RiverCentre Authority

Mayor's Budget Philosophy and Objectives for City Staff

Budget Philosophy

Saint Paul, like many cities, faces serious budget challenges. Yet, I believe the 2004 budget is not just a financial challenge—it's also an opportunity to reshape city government: how it works, and how it serves the public.

Here are some of the themes that I asked city departments to reflect on as they began their budget planning earlier this year:

Reduce our general fund reliance on state funding so we can provide public services dependably.

The state budget crisis became our budget crisis because we are so dependent on state LGA payments. Depending on the state for 43% of our general budget puts too many important services at risk. In response, we need to:

- Increase the general fund spending base by pulling some special funds back into the general fund, where appropriate.
- Diversify and increase our locally-controlled revenues, like consumption and franchise taxes, fees and charges.
- Focus development initiatives on jobs, housing and businesses that increase our tax base for the long run.

Consolidate, collaborate, and count costs so taxpayers get the best possible value.

- Aggressively pursue consolidation and shared service delivery with the county, school district, other cities and private and nonprofit partners.
- Spread the full costs (including overhead) of providing services against department budgets. When it's clear what things really cost to provide, we can manage them better.
- Review the City's contracts with service providers to ensure good value, and modify or rebid them where we need to.
- Continue to refocus on the most critical services and streamline their management and delivery. We need to improve how we do what's most important to citizens, and make the tough choices about the rest.

Preserve public safety and livability while reforming delivery and controlling costs.

- Maintain current outcomes in public safety services, access to high quality parks and libraries, and a good transportation infrastructure—but also recognize the reality that this will require changes in longstanding staffing and service models across many departments.
- The 2004 budget will be the first to reflect the city/county public safety partnership made possible by the new Griffin Building police headquarters on the law enforcement campus.

Maintain sound long-term financial management

- Minimize, as much as possible, our reliance on using one-time fund balances to pay for ongoing operating costs. We will be forced to do some of this in 2004 to adjust to such a large LGA cut, but over time we will need to return to a course where our annual expenses are no more than our income.
- Evaluate the impact of our budget decisions on 2005 also, so that the “out-year” effects of this year's budget decisions on the following year are clear.
- Retain the city's AAA bond rating.

Priorities for 2004

Despite significant budget challenges, we are on a path to keep Saint Paul affordable, safe and growing by short- and long-term strategic investment in a few targeted areas.

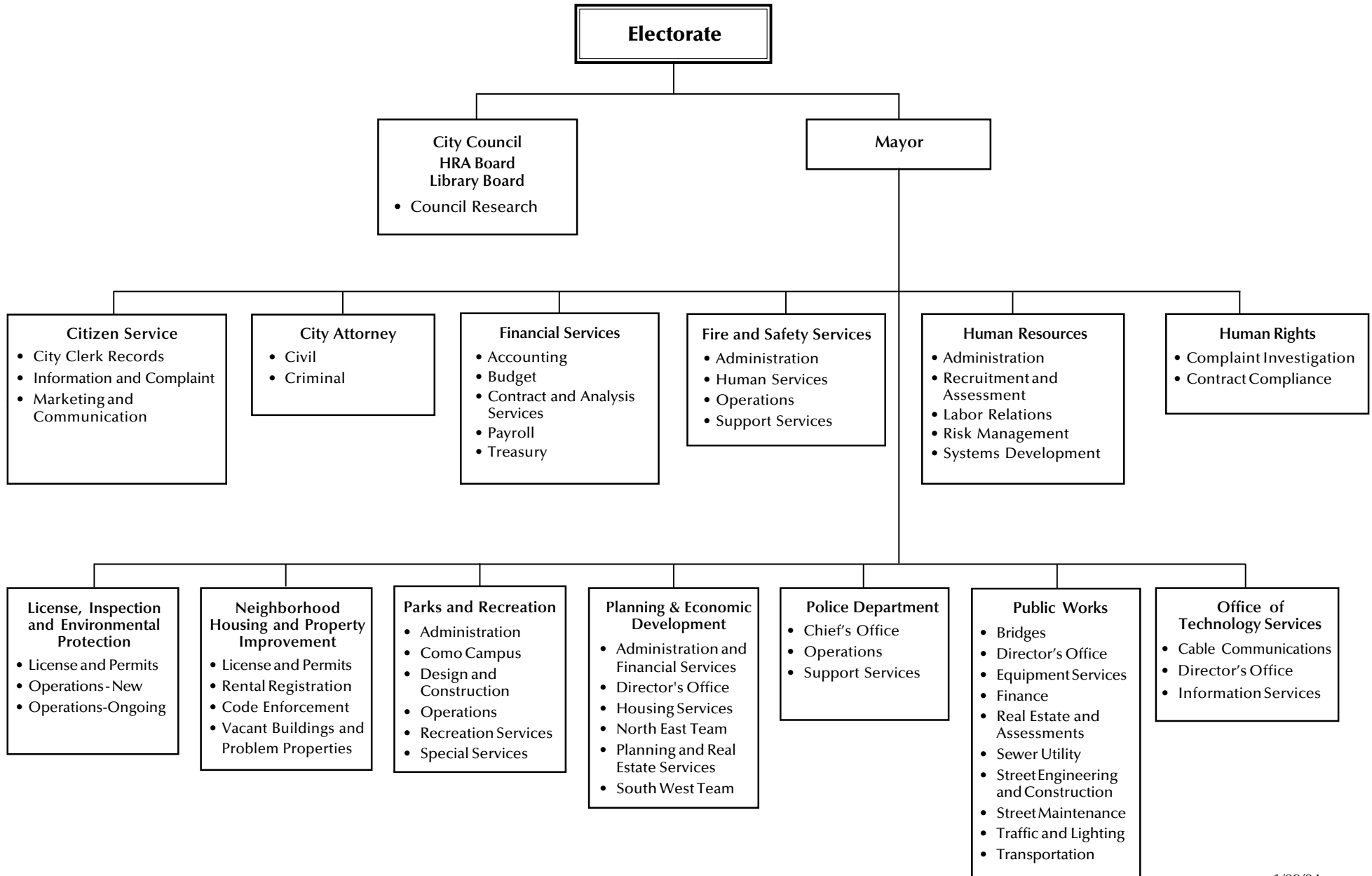
- **Affordability:** For the 11th year in a row, the City budget will cause no increase in the overall amount of property taxes collected. We understand that in order to compete for business development and remain desirable for new homeowners and renters we must do all we can to keep our City budget affordable for our taxpayers.
- **Public Safety:** We will continue the commitment to City government's number one priority: public safety. The Police Department will move to a new state-of-the-art police headquarters in October to consolidate communications services and improve operations efficiency. The City is working with Ramsey County and the state to obtain new 800Mgz technology for emergency communication, which could be operational in

2004.

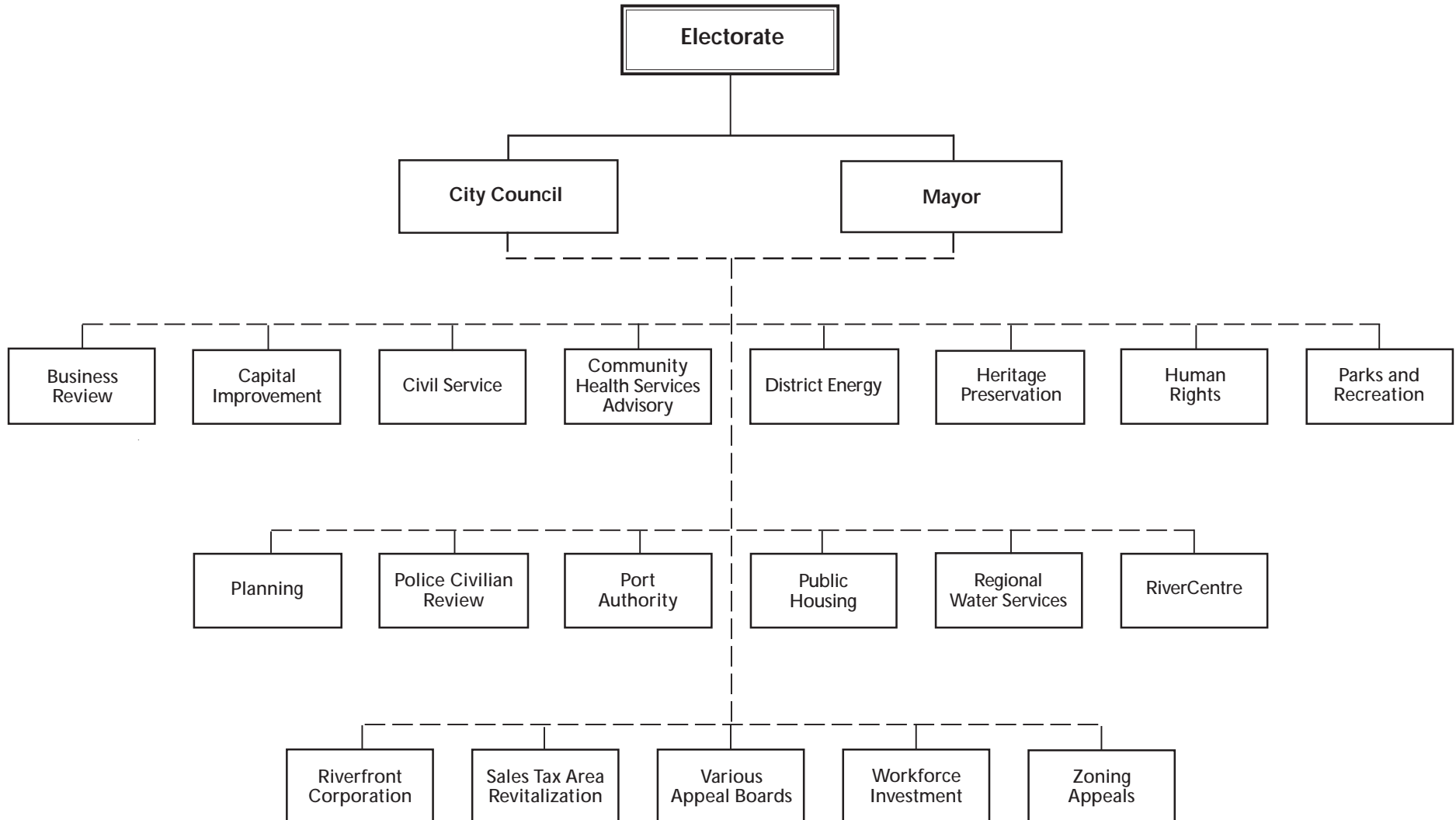
- Housing 5000: We will continue to work with our partners to meet our goal to build 5,000 new housing units by the end of 2005. We are capitalizing on a nationwide trend, which is a return to urban core living by two key demographic segments: empty nesters, with significant wealth and disposable income; and young adults, who because of low mortgage rates can own a home for the same cost as renting.
- Preservation and growth of our tax base: We must continue to look for and invest in ways to preserve and increase our tax base if we are to continue to provide City services without large increases in property taxes. Key initiatives in the biosciences area and health care will receive priority.
- Other priorities include: Promote and develop our arts, culture and entertainment community; continued focus on riverfront development as a key community asset; join with our community partners in marketing the City to the region, state and nation; and cooperate with our partners in education and recruit volunteers to improve reading levels.

City of Saint Paul, Minnesota

(Form of Government: "Strong" Mayor, with Seven Councilmembers Elected by Ward)



City-Appointed Boards and Commissions



Highlights and Important Features

2004 Adopted Budget

The 2004 adopted budget for the City of Saint Paul is \$487,515,179. This is the total of the budgets of all City funds: general fund, special funds, debt service funds and capital improvement funds. This is a 3.4% decrease from the 2003 adopted budget, primarily in the general fund operating budget with a slight increase in the capital improvements budget. If transfers from one fund to another are excluded and the amount budgeted for approximately one half of the 2004 debt payments is excluded, the City budget is \$427,363,628. The RiverCentre and Water Utility operating and capital budgets, like the HRA budgets, are submitted separately from the city budget. In addition, the Library budget will also be submitted as a separate document, reflecting the ordinance passed in 2003 to make the Library an independent agency. Therefore, Library budgets are not included in this book.

General Highlights:

Property Taxes. The City's adopted tax levy has been held constant, or has been reduced, in each of the last 10 years. The 2004 tax levy proposal increases, but only by the amount that the Port Authority levy is expected to decrease in 2004. Therefore, taxpayers will not experience a levy increase, again for an eleventh year, as a result of the combined City and Port Authority levies.

Service Charges and Fees. This budget contains a 5% increase in the sanitary and storm sewer fees, which have not been increased since 1998, as well as a \$2 per household increase for recycling fees. It also includes the second year of the two-year implementation of the right-of-way maintenance assessment approved in the adopted 2003 budget. Additionally, various increases are proposed for license and permit fees to cover costs. 2004 paramedic fees are increased by 6%, raising the fee from \$870 to \$922, and providing \$363,000 in general fund financing. The budget anticipates an additional \$91,950 in certificate of occupancy fee collections, which is a 15% increase over 2003 and the second year of the two year rate adjustment started with the 2003 budget. The budget also includes an adjustment of the

fees for summary abatements, raised from \$25 to \$50, and vacant building monitoring, raised from \$200 to \$250, to cover the cost of providing these services. Also planned in the budget is a \$1.50 increase for pawn shop transaction fee and an increased fee and fine structure for the false alarms to more appropriately charge for the cost of service provided.

Capital Improvement Funding: \$82,965,000. The proposed 2004 capital improvement budget (CIB) provides funding for all capital projects financed with local, state, federal or other revenues received by the City for this purpose.

Significant Department Changes:

Introductions to the general fund (pages 21-31), special funds (pages 33-39), and general obligation debt service funds (pages 41-48) sections of this document detail important features of financing and spending within each of those areas. Significant features of the overall budget are highlighted in those sections.

The Public Library Agency: State legislation passed during the 2002 session provided the authority to allow the Saint Paul Public Library to become an independent unit, separate from Saint Paul City government. In 2003, the City Council adopted an ordinance creating the independent agency, effective for 2004. In accordance with the ordinance, the Independent Library Agency submitted its 2004 budget to the Mayor, and the Mayor presented the Library budget to the City Council, who adopted it with some modifications. The Library budget will no longer be a part of the City budget, and is not reflected as part of the 2004 City budget in this book. The Public Library Agency will publish a separate document for its adopted budget.

Budget Process

The budget process is designed to conform with state law, the city charter, and the legislative code. The process to develop the budget commences in February.

January - March

The budget for 2003 is finalized during this time. This includes preparing, printing and distributing books reflecting the 2003 adopted budget. The accounting section of the Office of Financial Services prepares the annual financial report for the previous year (2002). During this time, the “base budget” for the upcoming year (2004) is identified.

April - June

Forms, instructions, printouts and the mayor’s guidelines are distributed to departments. These tools are used to plan for and develop operating budgets. Department management and staff identify objectives, performance indicators and the resources needed to accomplish goals. Services are reviewed to determine purpose, need and cost-saving ideas.

Department requests for the 2004 budget are submitted to the Office of Financial Services in June. After that, each department’s budget is analyzed by the OFS budget staff. The mayor meets with the department directors to discuss their needs, and to ensure that budgets meet the service level and taxing objectives that have been established for the city.

July - September

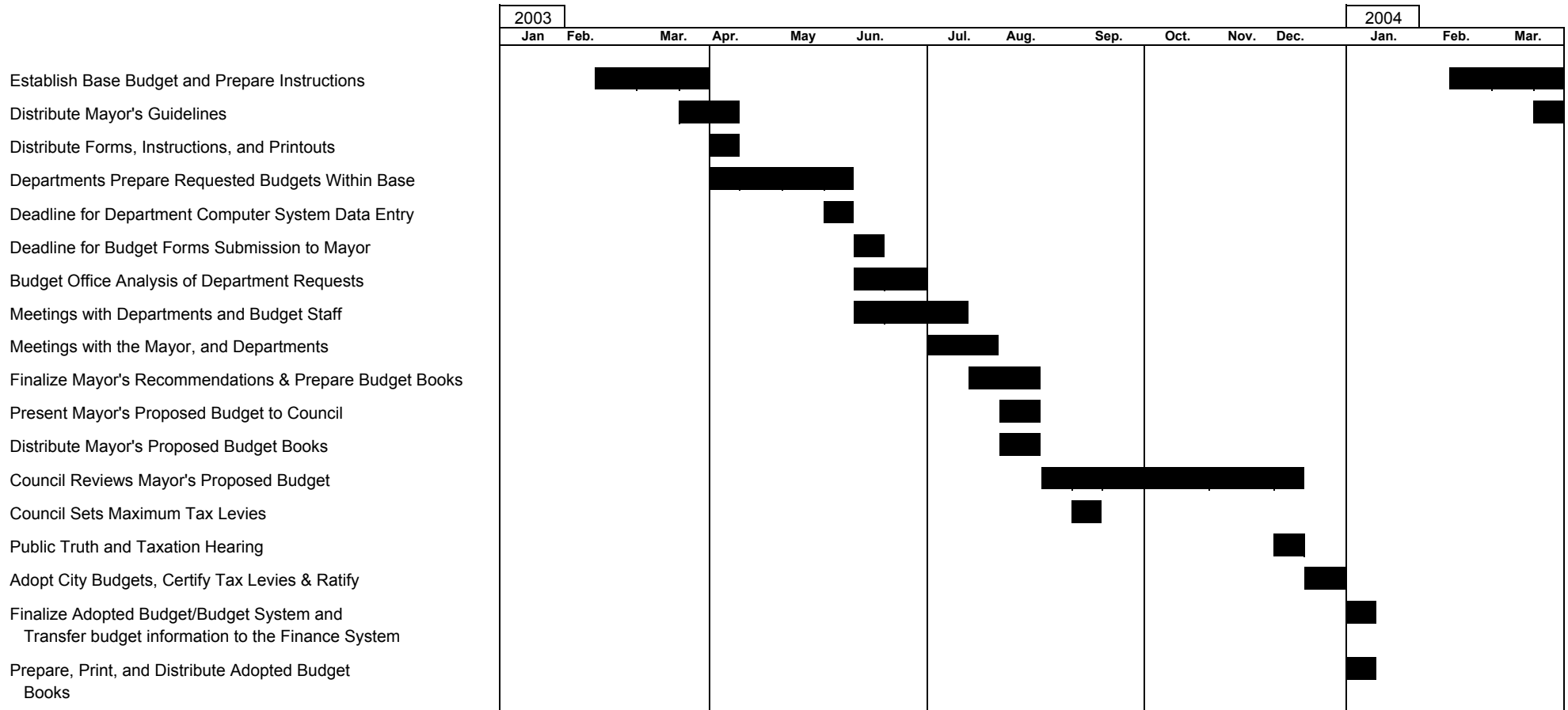
The budget staff finalizes the mayor’s recommendations and produces the mayor’s proposed budget. The mayor then submits the recommended budget to the city council by August 15, as required by the city charter.

In August, the city council begins reviewing the mayor’s proposed 2004 budget. The council holds meetings with department directors, management and staff to obtain a clear understanding of the department’s goals, service priorities and objectives that are represented in the proposed budget. As required by state law, the city council sets the *maximum* property tax levy in September. Governmental units can adjust budgets, resulting in property taxes that are less than, but not more than, the maximum levy.

October - December

The city council holds public hearings on the budget. Ramsey County mails property tax statements to property owners indicating the *maximum* amount of property taxes that the owner will be required to pay. These statements also indicate when the “Truth in Taxation” public hearings will be held. State law requires the city to hold a joint meeting with the county and school district. This meeting is held in early December. The city council then adopts a budget and tax levy for the city. The adopted budget represents changes made by the city council to the mayor’s proposed budget. The mayor has line-item veto authority over the council-adopted budget.

CITY OF SAINT PAUL BUDGET CYCLE



Content and Other Publications

Information Included

This publication contains information on City of Saint Paul budgets, that is, the operating budgets and debt service budgets. Operating budgets include the general fund and 52 special funds. The capital improvement budget (CIB) is included in a separate document. The Housing and Redevelopment Authority (HRA), Water Utility, RiverCentre, Library agency, and Port Authority budgets are not included because they are separate entities.

Purpose

The goal of this report is to provide taxpayers with an easy-to-use guide to city spending. We have tried to answer the question, “Where does the money go?” by providing tables and graphs to display this information. As a staff, we always struggle with what level of detail to show. If we show too little detail, our publications will not answer the questions people most commonly ask. If we show too much detail, the budget documents become extremely large and expensive to print. Pouring through them can be daunting, tedious and time consuming.

We hope that this summary will help make taxpayers aware of where the city’s resources come from and where they go. By looking at the information, we hope they will see how state revenues and decisions on property tax classification affect local property taxes. They will understand better how the property tax base affects property taxes. And they will see how difficult it is for decision makers to make cuts in the budget without including some of the services taxpayers tell us they hold most dear, such as police, fire, libraries and parks. These services are such a large portion of the budget, they are difficult to ignore. We believe heightened taxpayer awareness of city programs will increase the quality of public debates on spending and taxes and, ultimately, the quality of public policy.

Budgets, Not Spending

Unless otherwise noted, the numbers in this document are *budget* amounts, not actual spending. Actual spending amounts for past years can be found in a publication called the “Comprehensive Annual Financial Report” (see information following).

Other Publications and Information

The Office of Financial Services (OFS) publishes other documents. Each year we publish this summary document to display the council-adopted budgets. Detailed proposed budget information, at the activity and line item level, is also available. However, to keep printing costs down, it is only available on a limited-distribution basis. OFS also publishes a brochure which contains budget data and demographic information. As time permits, we update a statistical summary with trend information over longer periods of time. These publications are available for viewing in Saint Paul Public Libraries, Government Documents Section, or by calling the Office of Financial Services at 651-266-8797. Our website is www.ci.stpaul.mn.us. Some budget documents are available on this web site.

Other publications are listed below. Most of them are also available in Saint Paul Public Libraries. We encourage you to use library copies whenever possible to obtain information, but if you cannot, we have listed publications and contact persons for you.

- “Capital Allocation Policy.”
Contact Allen Lovejoy at 651-266-6576.
- “Comprehensive Annual Financial Report.”
Contact Lori Lee at 651-266-8822 or Jose Jovellana at 651-266-8820
- “General Obligation Debt Overlapping on the Saint Paul Tax Base: Five Year Debt Management Strategy, 2001-2005.”
Contact Todd Hurley at 651-266-8837.
- Housing and Redevelopment Authority (HRA) annual budget and the “Comprehensive Annual Financial Report.”
Contact Tom Meyer at 651-266-6667.
- Public Library Agency
Contact Susan Cantu at 651-266-7076.
- Port Authority financial statements and the report of independent public accountants.
Contact Tom Collins at 651-224-5686.
- Regional Water Services.
Contact Ruth O’Brien at 651-266-6322.
- RiverCentre
Contact Bill Huepenbecker at 651-265-4822.